

FEATURE ARTICLE: *Summary Analysis of Virginia 2009 and 2008 Benchmark Revisions of Nonagricultural Employment and Unemployment in 2010* by Ann Lang

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See Foreword on page iii.



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VIRGINIA

Economic Indicators

U.S. Outlook 2010, Virginia Indicators for Fourth Quarter
2009, Summary Analysis and Revised Benchmark,
and Historical Graphs

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FOREWORD

For those who are interested in studying the business cycle, the *Virginia Economic Indicators* publication is designed to depict the movement of the key economic indicator series readily available in Virginia. Most of these series are published elsewhere; but here, they are brought together in both graphic and tabular form, under one cover, and grouped so that they may be analyzed and interpreted easily.

Ten of the fourteen series currently used—the two employment series, the four unemployment series, and the four hours and earnings series—are produced in-house by the Economic Information Services Division of the Virginia Employment Commission and are comparable to similar national series produced by the U.S. Department of Labor. The four business indicators are provided by sources outside of the agency (see the Historical Summary at the back of this publication for data sources) and should prove useful to the student of business cycle development in Virginia.

All series currently published in the *Indicators* have been seasonally adjusted to minimize regular seasonal fluctuations in the data in order to show only activity related to the business cycle. The *Virginia Economic Indicators* is currently the only seasonally adjusted publication of some of the Virginia series.

From time to time, new series will be added to this report as the data becomes available and is collected and tested. Also, series presently provided, if necessary, may be discontinued. Historical graphs are published in the back of the fourth quarter issue for each year. **Beginning next quarter, several series of Current Employment Statistics (CES) data will be added. Between now and then, a supplement of tables and graphs will be published online.**

This publication provides a narrative analysis update of the U.S. economy, a narrative analysis of recent changes in Virginia. Occasionally, feature articles dealing with some currently important aspects of the Virginia economy are presented. Feature articles are written in-house or by guest authors knowledgeable on particular economics-related subjects.

This publication is normally produced quarterly in April, July, October, and February, but data in the series is provided on a monthly basis. There is a time lag of one quarter before all the data series are available for publication and analysis.

With the 2002 benchmarks in 2003, all states were required to switch to the North American Industry Classification System (NAICS) codes which replace the Standard Industrial Classification (SIC) codes formerly used. The NAICS codes were updated in 2007. The NAICS conversion affects the factory employment series and the four hours-and-earnings series in that, where 2001 - 2009 data has been revised to

NAICS, data prior to this time is still on the old SIC basis with more manufacturing industries. This means a slight break in these series when comparisons are made with former periods prior to 2001.

The main change to manufacturing is that, under NAICS, newspapers and publishing houses are no longer included in manufacturing, and so their employment and earnings are missing from revised 2001 - 2009 data.

The U.S. forecast analysis is based on the Global Insight projections which the state purchases. Virginia estimates use the state model with enhancements from VEC data for the areas.

Production and distribution of the *Virginia Economic Indicators*, like most Virginia Employment Commission projects, are financed through specifically-earmarked U.S. Department of Labor grants and do not use Virginia state funding sources.

This will be the last *Virginia Economic Indicators* to be printed and distributed through the mail. (Funds previously used to print this publication will be used for other products.) Effective with the First Quarter 2010 issue, this publication will only be available online at www.VirginiaLMI.com.

To receive notification of when the next issue is available online, please send your email address to Linda.Simmons@vec.virginia.gov or follow us on Twitter for update notifications at <http://twitter.com/VirginiaLMI>.

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U.S. ECONOMIC OUTLOOK

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It would be an arduous task to find someone who would mourn the passing, economically speaking, of 2009. Even though annualized real Gross Domestic Product (GDP) in the fourth quarter was a resounding 5.6 percent over the third quarter (2.2 percent—not bad either, considering what had preceded), overall 2009 was, in a word, grueling—grueling for producers, consumers, workers, and government alike.

A Review of 2009

GDP for the first quarter of the “happy” new year was a conscious awakening -6.4 percent, which followed a bewildering -5.4 percent in the fourth quarter of 2008. We know this was bad, but how bad was it? Perhaps by using a readily available table from the Bureau of Economic Analysis national accounts for the past 251 quarters (dating back to second quarter 1947), we can place this figure in some sort of relevant perspective. This comparison shows that first quarter 2009 GDP ranks third in

poorest performance, being out-ranked (a dubious honor) only by the first quarter of 1958 (-10.4 percent) and second quarter of 1980 (-7.9 percent). It is noteworthy that the recessions of 1957-1958 and 1980 had durations of 8 and 6 months, respectively. The previous recession of 2007—*ending sometime in the second quarter/third quarter 2009* (note the optimism here)—began with the December 2007 business peak and will most likely have lasted 20-22 months. Certainly this is the worst economic times, as a whole, that most of us have lived through—not having recorded such a long business cycle since the “Great Depression”; hence, we have dubbed this the “Great Recession.” Finally, as if this is not enough justification, consider the 33 business cycles the National Bureau of Economic Research has recorded all the way back to the June 1857–December 1858 cycle. In reviewing at this historical data, our most recent nightmarish recession is preceded by only 7 (perhaps 4 to 5) other cycles in lengths of contraction. May we bid 2009, not necessarily a fond, but farewell indeed!

Reviewing Fourth Quarter 2009 and Thoughts on 2010

The rousing 5.6 percent growth in fourth quarter 2009 GDP should not lull us into a sense that the ills of the economy are behind us. While this growth is reassuring and offers a sense of calm in an otherwise dark and onerous period, we need to be mindful of the origins of this surge in GDP. As most of us know by now, the surge was caused by a sharp increase in the inventory cycle; that is, producers of goods were increasing inventories in the fourth quarter as opposed to cutting inventories as we saw in the third quarter GDP data.

This increase will not last as we anticipate GDP in the first quarter of 2010 to be at a more sustainable level of around 2.6 percent. Moreover, there are reasons to believe that GDP will hold strong and steady through 2010 and perhaps end the year with a level of 2.9 percent in the last quarter of the year. There were, however, positive sides to fourth quarter 2009 GDP that were a welcome sight.

In considering the labor market, we are very optimistic that the free-fall in employment levels has stabilized.

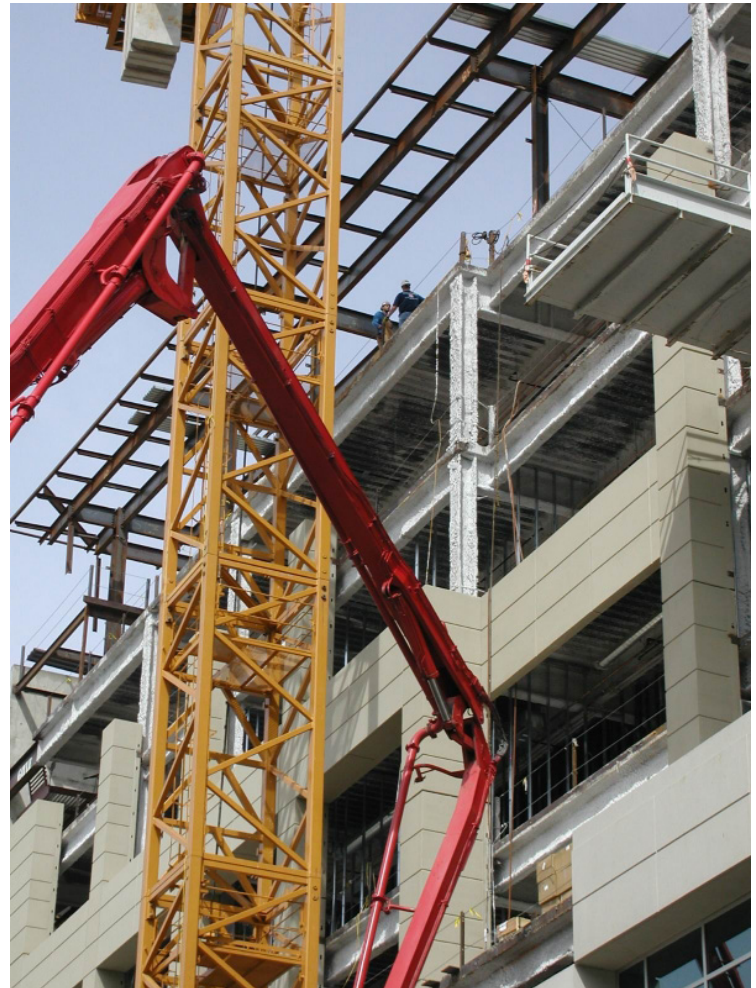
Exports of goods and services were up 22.8 percent, following an increase of 17.8 percent in the third quarter of 2009. We do not expect this level to hold. Exports will fall back to a level of 10.0 to 10.5 percent in the first quarter 2010, continue to drop to around 9 percent in the second quarter, and hover in the 6.5 percent range throughout the second half of 2010.

Personal consumption expenditures (the largest single component in GDP) of non-durable goods were up by 4.0 percent in the last quarter of 2009, but are expected to slip below the 3 percent level and then vacillate between 2.0 and 2.9 percent through 2010 as consumers navigate the recovery. We tend to see this as steady and pragmatic growth.

Regarding the business component of GDP, this behemoth of a drag on the economy continues to be (and will until mid 2011—by most estimates) nonresidential construction. This sector fell 18 percent in fourth quarter 2009 and could hold at this level through 2010. With the glut of buildings on the market for sale and the disturbing amount of vacancies, this sector presents a challenge in forecasting. Still, with all that is depressed in the nonresidential construction sub-component, business spending increased in other sectors. The purchase of equipment and software grew by 19 percent in the fourth quarter of 2009 and should average 13.5 percent in the second quarter through fourth quarter period, after a sharp drop below 3 percent in the first quarter of 2010.

In considering the labor market, we are very optimistic that the free-fall in employment levels has stabilized. The seasonal adjusted annual rate (saar) in payroll employment seems to be declining at a decreasing rate, as the -1.3 percent in the fourth quarter was much better than the -3.1 that we saw in the third quarter of 2009. Although the U.S. unemployment rate averaged 10 percent in the fourth quarter, up from an average of 9.6 percent in the third quarter, we believe the 2010 average unemployment rate will likely be in the 9.5 percent range through the year—high, yet stable.

Our optimism is derived from the decreasing productivity numbers in the fourth quarter 2009 (6.9 percent, down from 7.8 percent in the third quarter). This is an indication that employers can no longer sustain the surge in productivity levels attained in the second half of 2009, and will be induced to increase staff numbers. Noting that the return to job growth (job stability) should not be taken as a route to a stable recovery, it does, however, offer insurance against a degeneration back into recession. While 2010 will not be recorded as a period of exceptional growth, it will indeed (holding all things constant) be better than 2009.



VIRGINIA INDICATORS

FOURTH QUARTER 2009 DATA

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HIGHLIGHTS

- By the end of 2009, nonfarm employment had fallen by 183,500 from its pre-recession high of 3,780,200 achieved in April 2008.
- The total unemployment rate remained in the upper six percent range, but did not go into the upper seven percent range seen in the aftermath of the 1981-82 recession and was much lower than the national rate of ten percent.
- Manufacturing's continued decline can be seen in the record lows set in December 2009: manufacturing employment at 232,300 and total production hours at 7,552,000.
- Although average weekly hours in manufacturing have declined since September, they remain above year-ago levels, indicating manufacturers could be ready to add employees. However, given manufacturing's structural decline, the added workers might only reduce the losses.
- Initial claims are now running well below the recessionary highs reached in the first half of 2009, but are still about 50 percent higher than their pre-recession levels.
- Unemployment insurance final payments dropped slightly from the historic levels of the Third Quarter 2009, but the percentage of claimants who exhausted their benefits set a record of nearly 53 percent in the fourth quarter.
- The number of single family housing permits has improved from its recession low, but is still much lower than before the mortgage financing crisis.
- As expected, the gains in new vehicle registrations resulting from the federal government's Cash-for-Clunkers program borrowed sales from October.
- November's year-over-year increase in taxable retail sales, which was the first such gain since September 2008, was apparently an aberration of the sales tax collection process.

AROUND THE STATE

Because most state and all the metropolitan data are not seasonally adjusted, over-the-year analysis (fourth quarter 2009 versus fourth quarter 2008) is used. For a summary analysis of the annual state and metropolitan data, see the feature article on page 13.

Statewide there were 135,400 jobs lost, or 3.6 percent of nonfarm employment. All sectors lost jobs except for Private Education and Health Services (9,600 jobs or 2.1 percent) and Federal Government (6,700 or 4.1 percent). The sectors with the greatest losses were Construction (27,800 or 12.9 percent), Manufacturing (25,500 or 9.8 percent), Retail Trade (20,800 or 4.9 percent), and Professional and Business Services (19,300 or 2.9 percent). Other sectors experiencing losses greater than 10,000 were Local Government (12,400) and Leisure and Hospitality Services (11,700). The state's unemployment rate rose from 4.5 percent to 6.6 percent.

Richmond MSA lost 32,600 jobs, or 5.2 percent of nonfarm employment, and had losses in all sectors except Private Education and Health Services (2,500 jobs or 3.0 percent) and Federal Government (600, or 3.7 percent). The largest losses occurred in the Professional and Business Services (6,500 or 6.6 percent), Manufacturing (6,000 or 15.5 percent), Construction (5,900 or 14.5 percent), and Retail Trade (5,300 or 7.5 percent) sectors. Forty percent of the Professional and Business Services loss occurred in Employment Services (2,600 or 20.1 percent), indicating employers are not adding temporary workers as a prelude to hiring full-time employees. Another large loss in this sector was experienced in Management of Companies and Enterprises (2,000), reflecting the decline in the number and size of companies with headquarters in the area. There were also losses in State (1,300) and Local (1,900) Government. The area's unemployment rate stayed above the state rate, rising from 5.0 percent to 7.6 percent, but the spread widened.

Virginia Beach-Norfolk-Newport News, Virginia/North Carolina MSA lost 25,800 jobs, or 3.4 percent of nonfarm employment. The biggest losses were in the Professional and Business Services (6,800 jobs or 6.5 percent), Construction (5,700 or 13.1 percent), Retail Trade (5,700 or 6.3 percent), and Local Government (3,900 or 4.3 percent) sectors. Over half of the Professional and Business Services loss occurred in Employment Services (3,600), indicating employers are not adding temporary workers as a prelude to hiring full-time employees. Most of the Finance, Insurance, and Real Estate sector's decline (2,300) was in the banking and insurance sector (1,800). There were small gains in the Miscellaneous Services (1,800), Federal Government (1,500), Private Education and Health Services (1,300), State Government (800), and Leisure and Hospitality Services (600) sectors. About half of Education and Health's increase was in Health Care and Social Assistance, but there was a small decrease

in Hospital employment. Manufacturing incurred a loss (2,800) about equally split between non-durable and durable goods, but there was a small gain in Ship and Boat Building (300). The area's unemployment rate stayed above the state rate, rising from 4.9 percent to 6.7 percent.

Northern Virginia MSA lost 21,600 jobs, or 1.6 percent of nonfarm employment, with major losses in the Construction (8,900 jobs or 11.6 percent), Information (4,300 or 9.1 percent), Local Government (3,800 or 3.1 percent), and Leisure and Hospitality (3,500 or 3.1 percent) sectors. Most of Leisure and Hospitality's loss occurred in Food Services and Drinking Places (2,100), with about half as much in Accommodation (1,100). The sector losses were partly offset by gains in Federal Government (4,100 or 4.9 percent) and Private Education and Health (4,000 or 3.1 percent). Health Care and Social Assistance gains (4,000) were slightly offset by losses in Private Education (400). There were small gains in State Government and Miscellaneous Services, while the remaining sectors all had losses. Professional and Business Services had a net loss (3,000) with gains in Computer Systems Design and Consulting Services (1,500 each) and a loss in Employment Services (2,500). The Finance, Insurance, and Real Estate loss (2,300) was equally split between the banking and insurance and real estate sectors. The area's unemployment rose from 3.5 percent to 4.8 percent, but was still well below the state rate.

Roanoke MSA lost 7,500 jobs, or 4.6 percent of nonfarm employment. Like the Richmond MSA, this area had losses in all sectors except Private Education and Health Services and Federal Government. The largest losses were in the Manufacturing (2,000 or 12.1 percent), Professional and Business Services (1,600 or 7.1 percent), and Construction (1,500 or 14.8 percent) sectors. The area's unemployment rate went from 4.6 percent, the same as the state rate, to 7.1 percent, above the state average.

Lynchburg MSA lost 5,400 jobs, or 4.9 percent of nonfarm employment. Major losses occurred in the Trade, Transportation, and Utilities (1,500 jobs or 7.4 percent), Manufacturing (1,200 or 7.7 percent), and Retail Trade (900 or 6.7 percent) sectors. Manufacturing had repeated temporary layoffs in the furniture industry. There were smaller losses in State Government (200) and Federal Government (100). No publishable sector experienced a gain. The area's unemployment rate remained slightly above the state average, increasing from 4.7 percent to 6.8 percent.

Charlottesville MSA lost 3,400 jobs, or 3.3 percent of nonfarm employment. The largest losses occurred in the Trade, Transportation, and Utilities (800 jobs or 5.5 percent), Leisure and Hospitality (300 or 3.0 percent), and State Government (300 or 1.4 percent) sectors. No publishable sector had a job gain. Unemployment increased from 3.7 percent to 5.2 percent, remaining well below the state average.

Blacksburg-Christiansburg-Radford MSA lost 3,100 jobs, or 4.2 percent of nonfarm employment. State Government gains (400) partly offset losses in the Goods Producing (2,400) and Private Service Providing (1,000) sectors. The Goods Producing sector, which is composed of Mining, Construction, and Manufacturing, had temporary layoffs in electrical equipment and permanent layoffs in fabricated metal products. The area's unemployment rate remained above the state's rate, rising from 5.5 percent to 7.3 percent.

Winchester MSA lost 2,800 jobs or 4.9 percent of nonfarm employment. The largest decline occurred in the Goods Producing sector (1,200 jobs or 10.9 percent), which consists of Mining, Construction, and Manufacturing. Also experiencing a large decrease was the Trade, Transportation, and Utilities (800 or 6.6 percent) sector. Gains of 200 each in Federal and State Government sectors were partly offset from a 200 loss in the Local Government sector. The area's unemployment rate continued above the state rate, rising from 5.5 percent to 7.2 percent.

Danville MSA lost 1,900 jobs, or 4.6 percent of nonfarm employment. Major losses were experienced in Trade, Transportation, and Utilities (900 jobs or 10.5 percent) and Manufacturing (500 or 7.0 percent). The Federal Government decreased by 100 jobs, while no publishable sector had an increase. The area's unemployment rate was the highest among the state's MSAs and remained in the double digits, increasing from 10.6 percent to 11.4 percent.

Harrisonburg MSA lost 1,400 jobs, or 2.1 percent of nonfarm employment. There were large losses in Manufacturing (600 jobs or 4.3 percent) and Trade, Transportation, and Utilities (400 or 5.0 percent). No publishable sector had an increase. Although the area's unemployment rate rose from 4.1 percent to 5.6 percent, it was still below the state average.

NonMSA Total lost 30,000 jobs, or 6.7 percent of nonfarm employment. The total nonmetro area lost jobs about twice as fast as the state (seasonally unadjusted) rate of 3.6 percent. Small gains in the Federal Government (400) partly offset the large losses in the Service Providing (19,700 jobs or 5.6 percent) and Goods Producing (10,200 or 10.8 percent) sectors. The Goods Producing sector, which is composed of Mining, Construction, and Manufacturing, had temporary and permanent layoffs in textiles manufacturing. Also showing losses were Local Government (2,200 or 3.8 percent) and State Government (1,200 or 4.8 percent), which included a permanent layoff at a juvenile correctional center. The area's unemployment rose significantly from 5.5 percent to 9.5 percent, much higher than the state rate.

EMPLOYMENT INDICATORS

Nonagricultural Wage and Salary Employment* (Thousands)			Manufacturing Employment* (Thousands)		Total Unemployment Rate* (Percent)	
2008	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
January	3,719.8	3,775.2	270.2	271.7	3.6	3.3
February	3,728.1	3,778.4	267.2	269.1	3.5	3.3
March	3,749.0	3,775.6	265.7	267.3	3.5	3.4
April	3,772.8	3,780.2	267.9	269.2	3.1	3.5
May	3,790.1	3,772.7	266.6	267.5	3.6	3.6
June	3,811.1	3,767.9	266.8	266.0	4.0	3.8
July	3,765.0	3,768.5	265.3	265.0	4.0	3.9
August	3,759.9	3,767.1	264.9	263.9	4.2	4.0
September	3,767.3	3,759.1	263.6	262.4	4.0	4.2
October	3,770.5	3,752.8	261.8	260.8	4.1	4.5
November	3,764.7	3,735.5	259.9	258.4	4.5	4.8
December	3,756.1	3,721.9	257.9	256.4	5.0	5.2
2009						
January	3,643.0	3,697.1	250.2	251.6	6.2	5.7
February	3,631.6	3,680.9	245.4	247.3	6.6	6.1
March	3,638.3	3,664.4	243.2	244.8	6.7	6.4
April	3,647.7	3,655.1	240.4	241.7	6.3	6.7
May	3,665.7	3,649.1	238.7	239.7	6.7	6.8
June	3,678.0	3,636.4	238.3	237.6	7.1	6.9
July	3,620.4	3,624.3	237.1	236.7	6.9	6.9
August	3,610.8	3,618.2	236.0	235.1	6.9	6.9
September	3,620.5	3,613.4	235.5	234.5	6.7	6.8
October	3,626.8	3,610.7	234.7	233.8	6.6	6.8
November	3,630.2	3,603.2	234.9	233.6	6.5	6.8
December	3,628.2	3,596.7	233.6	232.3	6.7	6.8

* These series have been adjusted to First Quarter 2009 benchmarks.

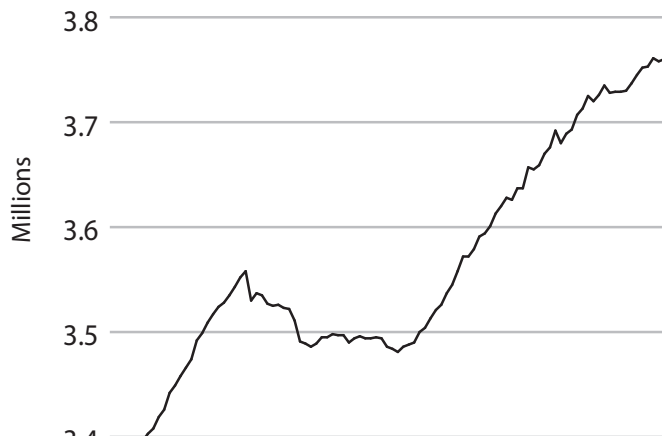
UNEMPLOYMENT INSURANCE INDICATORS

Average Weekly Initial Claims			Insured Unemployment Rate (Percent)*		Unemployment Insurance Final Payments	
2008	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
January	8,194	5,522	1.14	0.97	3,747	3,321
February	5,407	5,135	1.20	1.01	3,040	3,249
March	5,001	5,303	1.18	1.04	3,295	3,091
April	4,777	5,609	1.08	1.08	4,311	4,039
May	4,772	5,684	1.06	1.08	3,562	3,235
June	4,994	5,736	1.08	1.11	3,641	3,563
July	5,698	5,564	1.18	1.17	4,603	4,158
August	4,741	5,999	1.13	1.20	3,768	3,607
September	5,900	7,480	1.09	1.24	4,300	4,623
October	7,122	8,080	1.23	1.45	3,856	4,345
November	8,940	8,372	1.49	1.70	3,649	4,605
December	13,603	9,723	1.78	1.80	5,460	6,023
2009						
January	13,246	8,924	2.30	1.97	5,359	4,692
February	11,538	10,834	2.50	2.10	6,138	6,567
March	11,545	12,214	2.67	2.34	8,669	8,172
April	8,840	10,300	2.63	2.60	9,219	8,631
May	8,705	10,365	2.58	2.62	9,733	8,792
June	9,298	10,718	2.55	2.62	12,305	12,184
July	8,625	8,551	2.50	2.49	11,474	10,189
August	7,309	9,291	2.36	2.52	11,602	11,244
September	7,040	9,000	2.13	2.44	12,662	13,450
October	6,949	7,874	2.02	2.39	9,747	10,959
November	8,185	7,623	2.01	2.30	8,808	11,377
December	10,393	7,392	2.08	2.10	10,869	11,931

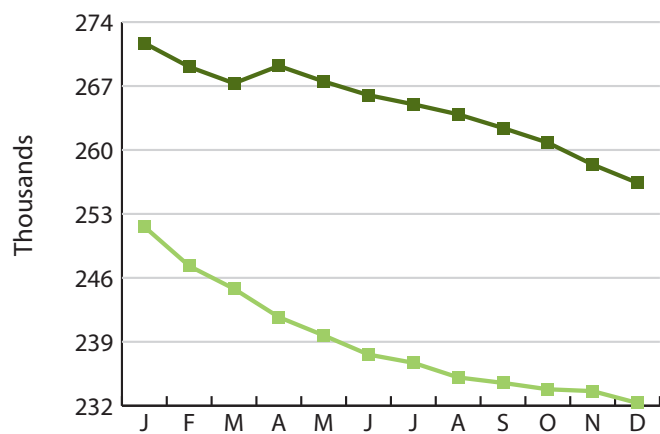
*Rate now uses reference week instead of calculation.

EMPLOYMENT INDICATORS

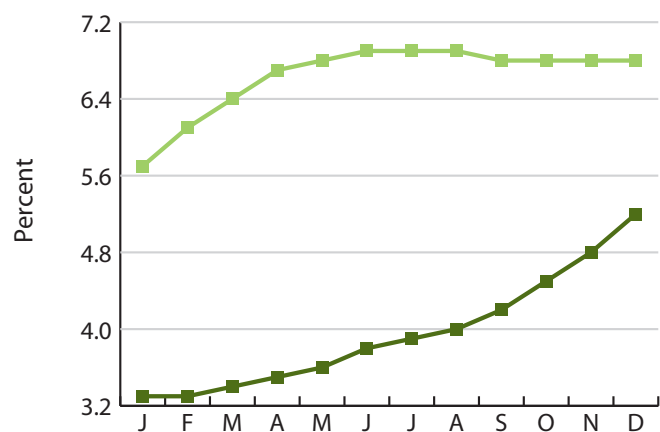
Nonagricultural Wage and Salary Employment



Manufacturing Employment

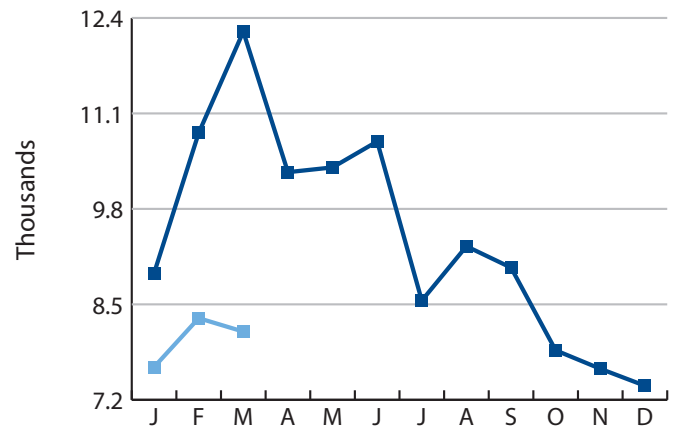


Total Unemployment Rate

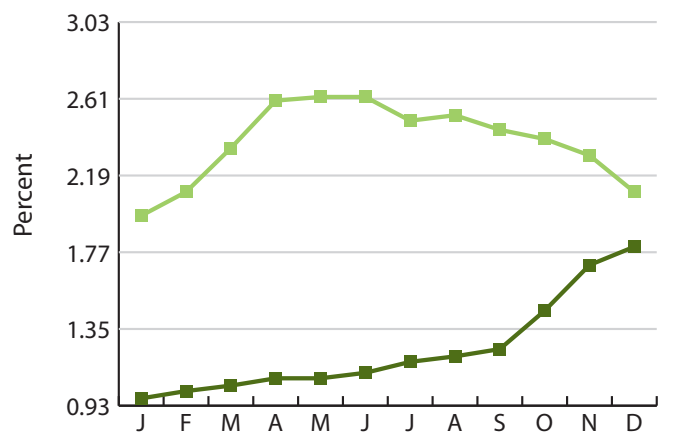


UNEMPLOYMENT INSURANCE INDICATORS

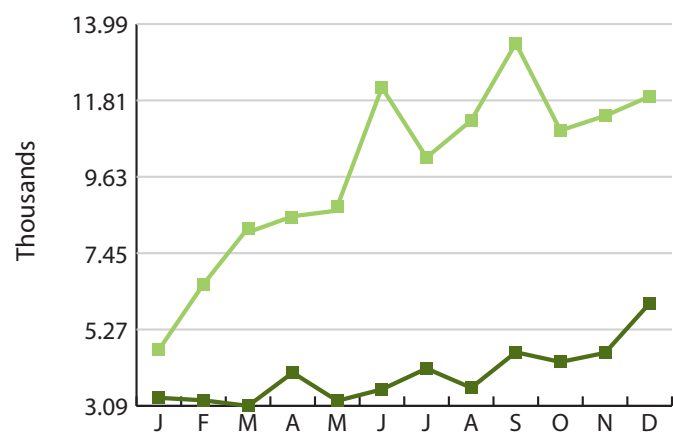
Average Weekly Initial Claims



Insured Unemployment Rate



Unemployment Insurance Final Payments



MANUFACTURING PRODUCTION WORKER INDICATORS

	Average Weekly Hours*		Average Hourly Earnings*		Deflated Average Hourly Earnings*	
			(Dollars)		(1982-84 Dollars)	
2008	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
January	43.4	43.6	18.29	18.27	8.85	8.75
February	43.8	43.9	18.22	18.30	8.79	8.76
March	43.5	44.0	18.19	18.33	8.70	8.75
April	42.9	43.6	18.29	18.33	8.68	8.72
May	44.4	44.0	18.16	18.28	8.53	8.64
June	43.9	43.4	18.43	18.35	8.56	8.60
July	43.1	43.0	18.57	18.49	8.59	8.62
August	43.4	43.2	18.65	18.57	8.66	8.67
September	41.9	41.9	18.54	18.51	8.63	8.66
October	43.0	42.7	18.45	18.39	8.70	8.73
November	40.4	40.8	18.02	18.10	8.69	8.66
December	40.2	40.0	18.15	18.03	8.86	8.69
2009						
January	39.4	39.6	18.20	18.18	8.85	8.75
February	40.2	40.3	18.02	18.12	8.72	8.69
March	39.3	39.7	18.11	18.26	8.74	8.79
April	39.8	40.5	18.26	18.31	8.78	8.82
May	41.7	41.3	18.68	18.81	8.95	9.06
June	41.9	41.4	18.80	18.72	8.91	8.95
July	43.0	42.8	19.12	19.02	9.08	9.12
August	43.2	42.9	19.28	19.18	9.13	9.13
September	43.5	43.5	19.45	19.43	9.20	9.24
October	43.6	43.3	18.47	18.41	8.73	8.76
November	42.8	43.3	18.77	18.87	8.85	8.82
December	42.1	42.0	18.98	18.86	8.97	8.80

* These series have been adjusted to First Quarter 2009 benchmarks.

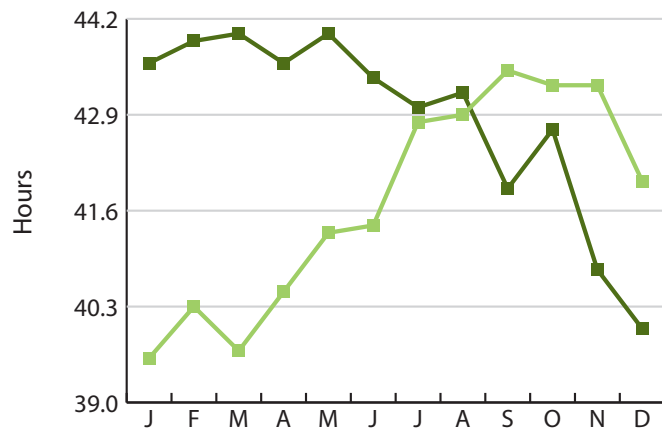
MANUFACTURING PRODUCTION WORKER INDICATORS (CONTINUED)

	Total Production Hours*		Average Weekly Earnings*		Deflated Average Weekly Earnings*	
	(Thousands)		(Dollars)		(1982-84 Dollars)	
2008	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
January	9,144	9,242	793.79	795.78	383.95	381.69
February	9,102	9,209	798.04	802.59	385.05	384.56
March	8,996	9,175	791.27	804.11	378.33	383.65
April	8,949	9,143	784.64	799.02	372.40	379.97
May	9,231	9,175	806.30	803.22	378.92	378.04
June	9,158	9,007	809.08	796.49	375.93	372.75
July	8,952	8,915	800.37	793.13	370.02	370.25
August	9,010	8,903	809.41	799.09	376.04	373.92
September	8,648	8,598	776.83	777.27	361.43	363.86
October	8,819	8,723	793.35	791.08	373.90	373.53
November	8,209	8,249	728.01	735.95	351.19	353.34
December	8,100	7,998	730.63	724.36	356.73	348.93
2009						
January	7,663	7,758	717.08	719.77	348.60	346.85
February	7,698	7,795	724.40	729.25	350.45	350.24
March	7,428	7,579	711.72	723.38	343.46	348.29
April	7,423	7,596	726.75	741.01	349.53	357.25
May	7,760	7,709	778.96	775.56	373.11	371.90
June	7,810	7,676	787.72	774.86	373.38	370.14
July	7,955	7,905	822.16	812.91	390.53	390.14
August	7,944	7,835	832.90	819.41	394.45	390.90
September	7,969	7,926	846.08	846.91	400.37	403.47
October	7,944	7,861	805.29	804.20	380.66	380.70
November	7,798	7,843	803.36	813.30	378.94	381.72
December	7,633	7,552	799.06	794.43	377.44	369.95

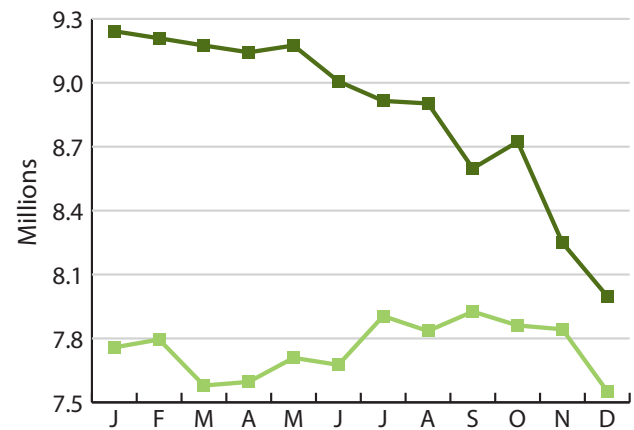
* These series have been adjusted to First Quarter 2009 benchmarks.

MANUFACTURING PRODUCTION WORKER INDICATORS

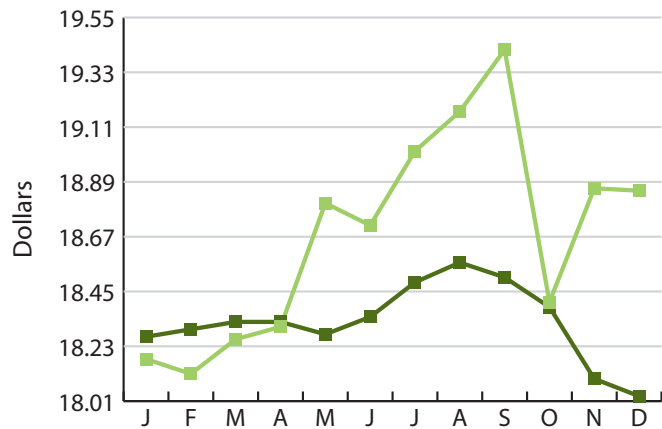
Average Weekly Hours



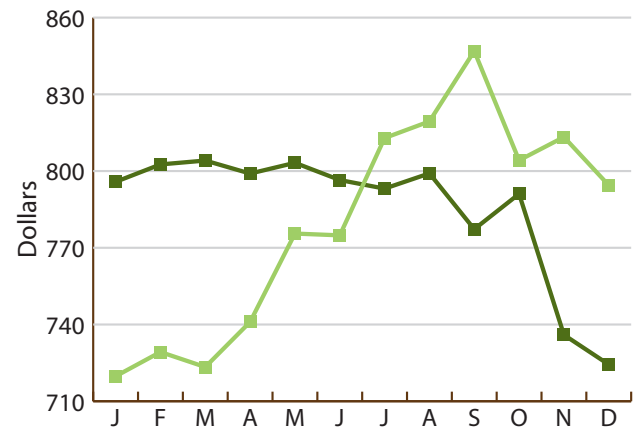
Total Production Hours



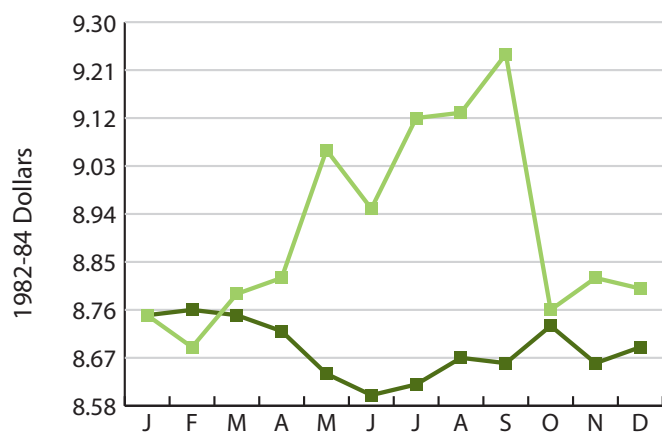
Average Hourly Earnings



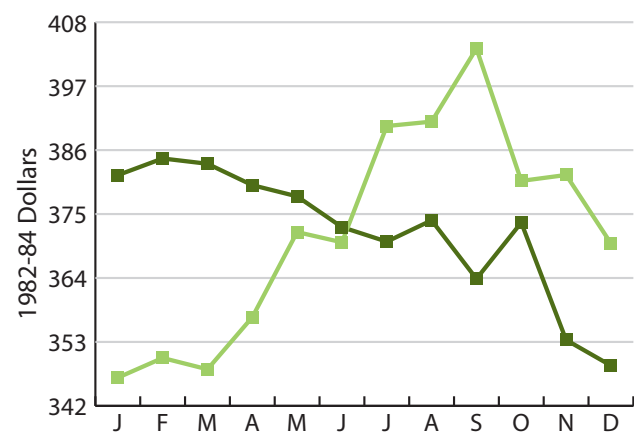
Average Weekly Earnings



Deflated Average Hourly Earnings



Deflated Average Weekly Earnings



BUSINESS INDICATORS

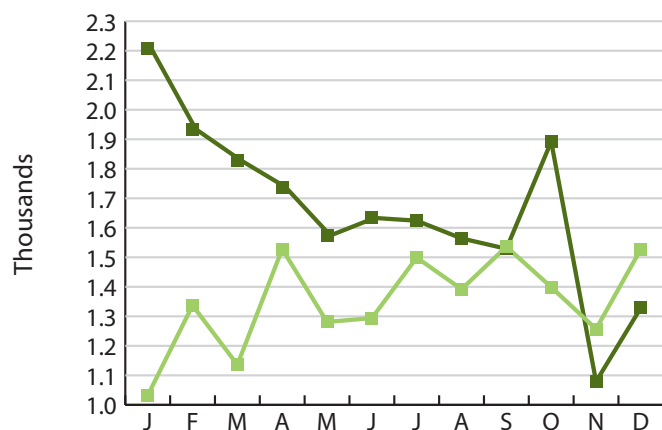
	Single Family Housing Permits		New Business Incorporations		New Vehicle Registrations	
2008	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
January	1,891	2,209	1,578	1,546	38,869	41,635
February	1,865	1,934	1,329	1,311	31,615	39,826
March	2,045	1,829	1,604	1,354	37,113	36,753
April	1,947	1,738	1,761	1,526	39,156	36,464
May	1,818	1,574	1,453	1,374	40,756	36,161
June	1,905	1,634	1,344	1,306	41,337	35,309
July	1,821	1,624	1,400	1,415	38,733	35,853
August	1,635	1,564	1,087	1,123	34,003	29,655
September	1,422	1,529	1,236	1,302	34,522	32,805
October	1,789	1,892	1,125	1,224	29,138	28,566
November	873	1,079	822	1,038	19,032	24,961
December	1,010	1,329	1,153	1,246	23,637	28,413
2009						
January	887	1,032	1,096	1,066	23,181	24,774
February	1,306	1,337	1,146	1,140	20,790	26,162
March	1,266	1,136	1,156	987	24,232	24,209
April	1,710	1,528	1,327	1,140	28,551	26,574
May	1,473	1,281	1,074	1,017	28,224	25,062
June	1,501	1,294	1,073	1,042	32,286	27,452
July	1,699	1,499	1,118	1,123	29,941	27,653
August	1,453	1,392	1,038	1,073	34,980	30,587
September	1,432	1,536	973	1,026	37,400	35,650
October	1,323	1,399	1,002	1,087	25,115	24,620
November	1,010	1,257	857	1,086	20,452	26,925
December	1,157	1,528	993	1,074	24,186	28,799

BUSINESS INDICATORS (CONTINUED)

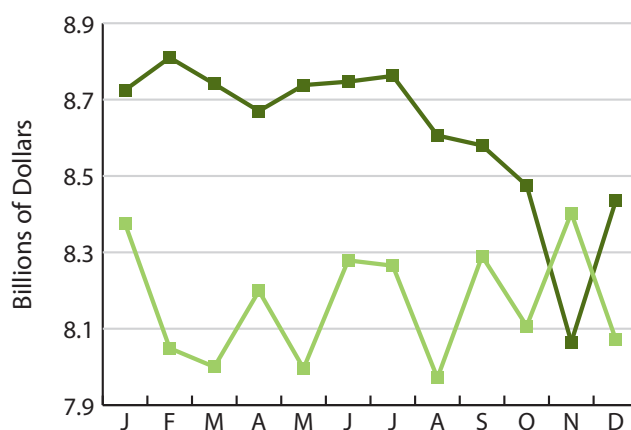
	Taxable Retail Sales (Millions of Dollars)		Deflated Taxable Retail Sales (Millions of 1982-84 Dollars)	
2008	Unadjusted	Adjusted	Unadjusted	Adjusted
January	7,599	8,725	3,676	4,172
February	7,692	8,810	3,711	4,209
March	8,728	8,741	4,173	4,160
April	8,538	8,670	4,052	4,116
May	8,786	8,738	4,129	4,125
June	9,382	8,747	4,359	4,099
July	8,712	8,762	4,028	4,068
August	8,514	8,606	3,955	3,999
September	8,622	8,580	4,011	4,030
October	8,527	8,475	4,019	3,996
November	7,962	8,065	3,841	3,883
December	10,220	8,436	4,990	4,117
2009				
January	7,307	8,375	3,552	4,020
February	7,028	8,049	3,400	3,852
March	7,978	8,000	3,850	3,840
April	8,056	8,199	3,874	3,941
May	8,046	7,996	3,854	3,847
June	8,887	8,279	4,212	3,961
July	8,223	8,265	3,906	3,946
August	7,892	7,971	3,738	3,773
September	8,333	8,290	3,943	3,959
October	8,156	8,107	3,855	3,835
November	8,302	8,403	3,916	3,957
December	9,752	8,071	4,606	3,814

BUSINESS INDICATORS

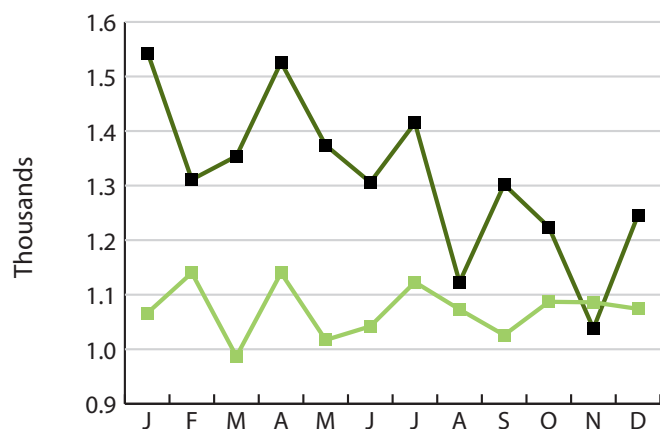
Single Family Housing Permits



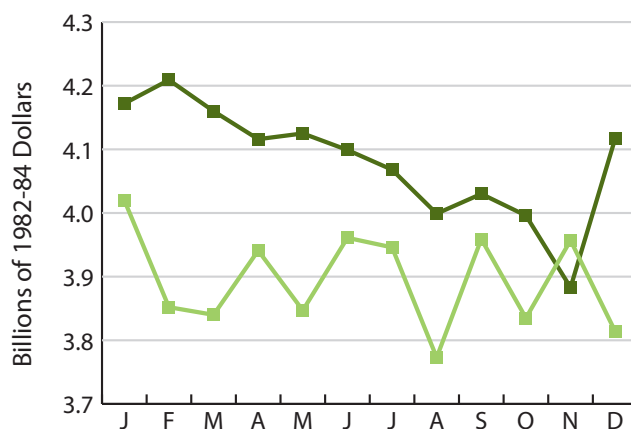
Taxable Retail Sales



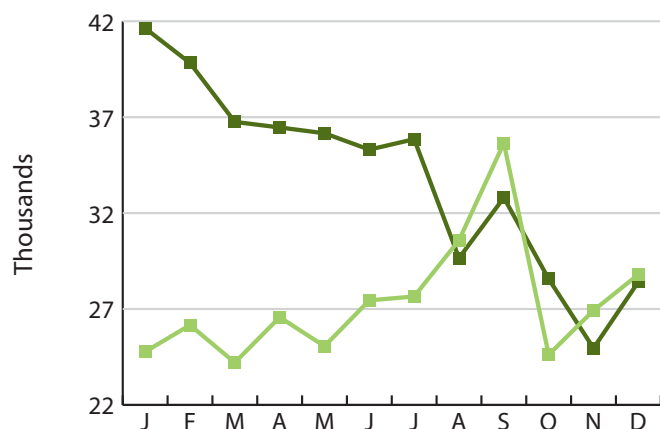
New Business Incorporations



Deflated Taxable Retail Sales



New Vehicle Registrations



DATA SUMMARY (SEASONALLY ADJUSTED DATA)

OCTOBER 2009

Percent & Direction of Change**

	Oct. 2009	Sep. 2009	Oct. 2008	Sep. 09-Oct. 09	Oct. 08-Oct. 09
EMPLOYMENT					
*Nonag Wage & Salary Emp (000)	3,610.7	3,613.4	3,752.8	-0.1 (0)	-3.8 (-)
*Manufacturing Employment (000)	233.8	234.5	260.8	-0.3 (0)	-10.4 (-)
*Total Unemployment Rate (%)	6.8	6.8	4.5	(0)	(-)
UNEMPLOYMENT INSURANCE					
Average Weekly Initial Claims	7,874	9,000	8,080	-12.5 (+)	-2.5 (+)
Insured Unemployment Rate (%)	2.39	2.44	1.45	(+)	(-)
Final Payments	10,959	13,450	4,345	-18.5 (+)	152.2 (-)
MANUFACTURING PRODUCTION WORKERS					
*Average Weekly Hours	43.3	43.5	42.7	-0.46 (0)	1.4 (+)
*Total Production Hours (000)	7,861	7,926	8,723	-0.8 (-)	-9.9 (-)
*Average Hourly Earnings (\$)	18.41	19.43	18.39	-5.2 (-)	0.1 (0)
*Average Weekly Earnings (\$)	804.20	846.91	791.08	-5.0 (-)	1.7 (+)
BUSINESS					
Single Family Housing Permits	1,399	1,536	1,892	-8.9 (-)	-26.1 (-)
New Business Incorporations	1,087	1,026	1,224	5.9 (+)	-11.2 (-)
New Vehicle Registrations	24,620	35,650	28,566	-30.9 (-)	-13.8 (-)
Taxable Retail Sales (\$M)	8,107	8,290	8,475	-2.2 (-)	-4.3 (-)

NOVEMBER 2009

Percent & Direction of Change**

	Nov. 2009	Oct. 2009	Nov. 2008	Oct. 09-Nov. 09	Nov. 08-Nov. 09
EMPLOYMENT					
*Nonag Wage & Salary Emp (000)	3,603.2	3,610.7	3,735.5	-0.2 (0)	-3.5 (-)
*Manufacturing Employment (000)	233.6	233.8	258.4	-0.1 (0)	-9.6 (-)
*Total Unemployment Rate (%)	6.8	6.8	4.8	(0)	(-)
UNEMPLOYMENT INSURANCE					
Average Weekly Initial Claims	7,623	7,874	8,372	-3.2 (+)	-8.9 (+)
Insured Unemployment Rate (%)	2.30	2.39	1.70	(+)	(-)
Final Payments	11,377	10,959	4,605	3.8 (-)	147.1 (-)
MANUFACTURING PRODUCTION WORKERS					
*Average Weekly Hours	43.3	43.3	40.8	0.0 (0)	6.1 (+)
*Total Production Hours (000)	7,843	7,861	8,249	-0.2 (0)	-4.9 (-)
*Average Hourly Earnings (\$)	18.87	18.41	18.10	2.5 (+)	4.3 (+)
*Average Weekly Earnings (\$)	813.30	804.20	735.95	1.1 (+)	10.5 (+)
BUSINESS					
Single Family Housing Permits	1,257	1,399	1,079	-10.2 (-)	16.5 (+)
New Business Incorporations	1,086	1,087	1,038	-0.1 (0)	4.6 (+)
New Vehicle Registrations	26,925	24,620	24,961	9.4 (+)	7.9 (+)
Taxable Retail Sales (\$M)	8,403	8,107	8,065	3.7 (+)	4.2 (+)

	Dec. 2009	Nov. 2009	Dec. 2008	Nov. 09-Dec. 09	Dec. 08-Dec. 09
EMPLOYMENT					
*Nonag Wage & Salary Emp (000)	3,596.7	3,603.2	3,721.9	-0.2 (0)	-3.4 (-)
*Manufacturing Employment (000)	232.3	233.6	256.4	-0.6 (-)	-9.4 (-)
*Total Unemployment Rate (%)	6.8	6.8	5.2	(0)	(-)
UNEMPLOYMENT INSURANCE					
Average Weekly Initial Claims	7,392	7,623	9,723	-3.0 (+)	-24.0 (+)
Insured Unemployment Rate (%)	2.10	2.30	1.80	(+)	(-)
Final Payments	11,931	11,377	6,023	4.9 (-)	98.1 (-)
MANUFACTURING PRODUCTION WORKERS					
*Average Weekly Hours	42.0	43.3	40.0	-3.0 (-)	5.0 (+)
*Total Production Hours (000)	7,552	7,843	7,998	-3.7 (-)	-5.6 (-)
*Average Hourly Earnings (\$)	18.86	18.87	18.03	-0.1 (0)	4.6 (+)
*Average Weekly Earnings (\$)	794.43	813.30	724.36	-2.3 (-)	9.7 (+)
BUSINESS					
Single Family Housing Permits	1,528	1,257	1,329	21.6 (+)	15.0 (+)
New Business Incorporations	1,074	1,086	1,246	-1.1 (-)	-13.8 (-)
New Vehicle Registrations	28,799	26,925	28,413	7.0 (+)	1.4 (+)
Taxable Retail Sales (\$M)	8,071	8,403	8,436	-4.0 (-)	-4.3 (-)

* Revised to 1st Quarter 2009 benchmarks.

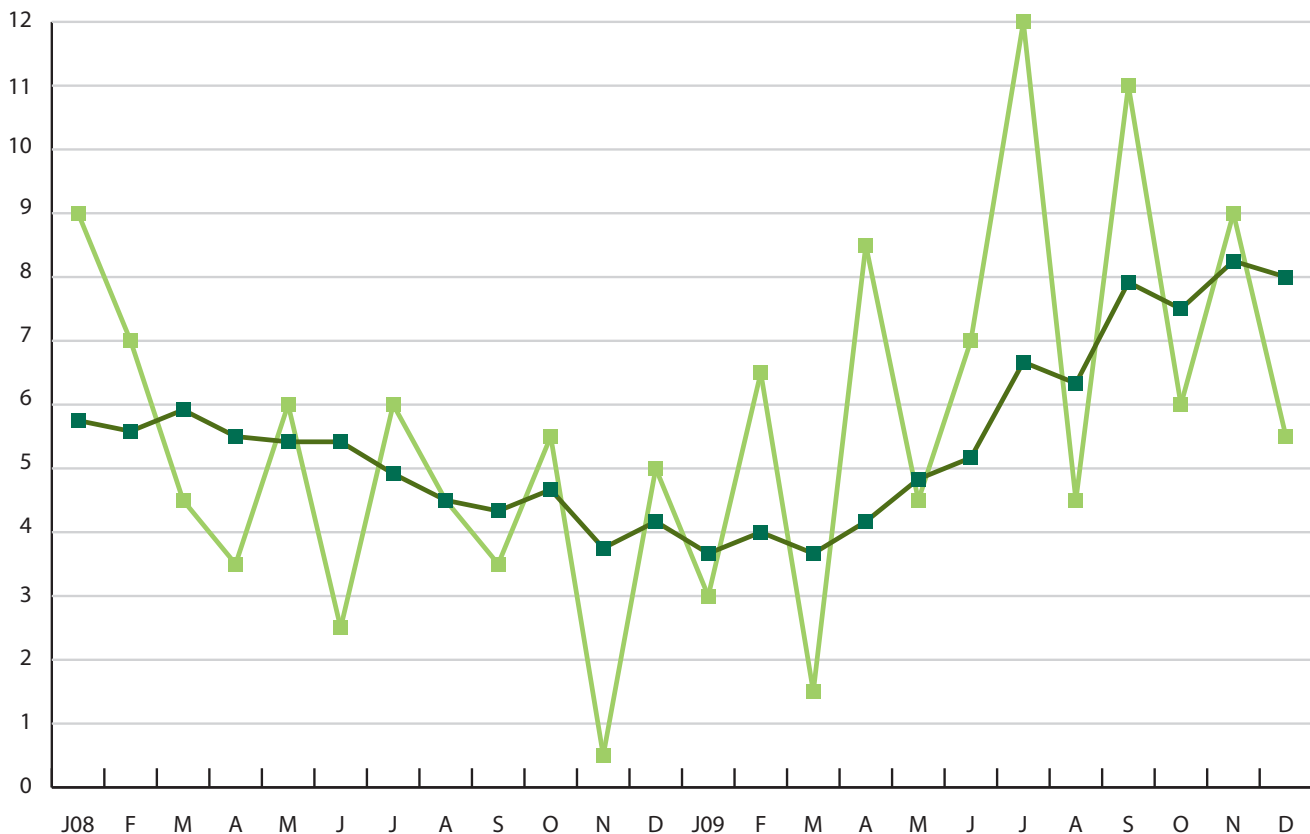
** (+) Favorable, (-) Not Favorable, (0) Change between +/- 0.5%.

NUMBER OF SERIES MOVING FAVORABLY

Plus One-Half the Number Unchanged

Monthly Total

6-Month Moving Average



SUMMARY ANALYSIS OF VIRGINIA 2009 AND 2008 BENCHMARK REVISIONS OF NONAGRICULTURAL EMPLOYMENT AND UNEMPLOYMENT IN 2010

Ann Lang, Senior Economist Ann.Lang@vec.virginia.gov



Annual benchmark revisions to the Quarterly Census of Employment and Wages show that Virginia nonfarm place-of-work payroll employment lost 126,100 jobs, or 3.4 percent, as the full force of the recession was felt in Virginia. Nonfarm employment fell from an average of 3,762,900 in 2008 to an average of 3,636,800 in 2009. With the revisions, nonfarm employment increased slightly, by 1,500 jobs, in 2008. The 2009 job decline of 3.4 percent surpasses any annual percentage decline since 1944, while the job loss of 126,100 is the largest annual loss recorded in the 71 years that the data has been gathered. However, Virginia performed better than the nation, which experienced nonfarm employment losses of 0.6 percent in 2008 and 4.3 percent in 2009.

As with the nation, Virginia nonfarm employment for 2009 was revised down with the benchmark. Prior to the revisions, 2009 nonfarm employment was down 90,600 jobs, or 2.4 percent, from 2008. However, revisions to the 2008 Virginia nonfarm employment show an upward adjustment of 5,400 jobs. The 2008 average nonfarm employment for Virginia reported at benchmark time last year was 3,757,500, showing a decline of 3,900 jobs, or 0.1 percent, from 2007. The 2008

revised nonfarm employment figure for Virginia, 3,762,900, shows a slight employment gain of 1,500 jobs from 2007.

Industry Change

Two Virginia industrial sectors continued to add jobs in 2009. They were: private education and health care, up 10,200 jobs, or 2.3 percent, and total government, up 2,900 jobs, or 0.4 percent. Virginia's larger job losses in 2009 occurred in: construction, down 32,400 jobs, or 14.5 percent; trade, down 28,900 jobs, or 5.4 percent; manufacturing, down 25,800 jobs, or 9.7 percent; and professional and business services, down 18,200 jobs, or 2.8 percent. There were also cutbacks in leisure and hospitality, finance, transportation and utilities, information, miscellaneous services, and mining.

Virginia's strongest job gain in 2009 occurred in **private education and health care**, which added 10,200 jobs, or 2.3 percent. Private education and health care had an employment level of 449,600 in 2009 compared to a level of 439,400 in 2008. Job gains in health care and social assistance, up 10,400, more than offset the slight education employment

Nonfarm Employment in Virginia

Industry	2009 Average	2008 Average	Change	
			Number	Percent
Total Nonfarm Jobs	3,636,800	3,762,900	-126,100	-3.4%
Mining	10,200	11,100	-900	-8.1%
Construction	190,500	222,900	-32,400	-14.5%
Manufacturing	239,000	264,800	-25,800	-9.7%
Trade	511,200	540,100	-28,900	-5.4%
Transportation, Warehousing, and Utilities	112,200	119,000	-6,800	-5.7%
Information	81,000	87,400	-6,400	-7.3%
Finance, Insurance, and Real Estate	180,300	188,700	-8,400	-4.5%
Professional and Business Services	638,800	657,000	-18,200	-2.8%
Private Education and Health Services	449,600	439,400	+10,200	+2.3%
Leisure and Hospitality Services	340,000	349,300	-9,300	-2.7%
Miscellaneous Services	186,700	188,800	-2,100	-1.1%
Total Government	697,300	694,400	+2,900	+0.4%
Federal Government	166,200	159,900	+6,300	+3.9%
State Government	153,500	154,000	-500	-0.3%
Local Government	377,600	380,500	-2,900	-0.8%

losses of 200. Increases in the health care part of the industry occurred across all sectors: in private social assistance, up 4,300 jobs, or 8.1 percent; in physicians' and dentists' private practices, up 4,200 jobs, or 3.1 percent; at nursing and residential care facilities, up 1,800 jobs, or 2.7 percent; and in hospitals, up 100 jobs.

Total government employment of 697,300 was 2,900, or 0.4 percent, above 2008. The federal government added 6,300 jobs, or 3.9 percent, with expansions in administrative positions and on military bases as stimulus monies worked their way into the economy. Reduced tax revenues affected both state and local government employment. State government employment declined 500 jobs, or 0.3 percent, from 2008. Local government employment declined 2,900 jobs, or 0.8 percent, from 2008.

Construction employment declined 32,400 jobs, or 14.5 percent, to an average of 190,500 in 2009. Employment losses occurred across all sectors. Large employment losses continued in specialty trade contractors, down 20,100 jobs, or 14.2 percent, to 121,700. Jobs losses of 9,900, or 19.6 percent,

occurred in construction of buildings, while employment in heavy and civil engineering construction declined 2,400 jobs, or 7.8 percent.

The **trade** sector was down by 28,900 jobs, or 5.4 percent, to an average of 511,200 in 2009. Most of the decline occurred in retail trade, reflecting job losses from closures at auto dealers and Circuit City as well as cutbacks and closures at other retailers affected by the recession. Retail trade employment declined 22,300 jobs, or 5.3 percent. Wholesale trade employment fell 6,600 jobs, or 5.5 percent.

Manufacturing employment was down 25,800 jobs, or 9.7 percent, in 2009 to an average of 239,000, the lowest level in Virginia since 1950. Both durable and nondurable goods establishments experienced plant closings and layoffs. Durable goods manufacturing declined 16,600 jobs, or 10.8 percent, to an average of 136,900. Nondurable goods producers lost 9,200 jobs, or 8.3 percent, to an average of 102,100.

Employment in **professional and business services** declined 18,200 jobs, or 2.8 percent, to an average of 638,800 in 2009. Temporary employment service providers lost 13,500



jobs, or 21.3 percent, as fewer contract workers were needed. Management of companies and enterprises declined 2,600 jobs, or 3.4 percent. Computer system design firms continued hiring despite the recession, with an increase of 3,500 jobs, or 2.6 percent.

Employment losses also occurred in leisure and hospitality, finance, transportation and utilities, information, miscellaneous services, and mining in 2009. **Leisure and hospitality** employment fell 9,300 jobs, or 2.7 percent, to an average of 340,000, with losses in all major subsectors. **Finance** employment was down 8,400 jobs, or 4.5 percent, to an average of 180,300. **Transportation and utilities** employment was lower by 6,800 jobs, or 5.7 percent, for an average of 112,200. These losses were primarily in transportation and warehousing with less merchandise being shipped due to the recession. With intense competition in telecommunications and curtailments in the print media, **information** employment declined 6,400 jobs, or 7.3 percent, to an average of 81,000. Employment in **miscellaneous services** fell 2,100 jobs, or 1.1 percent, to an average of 186,700, with cutbacks in personal and repair services. Average **mine** employment of 10,200 was down 900 jobs, or 8.1 percent.

Metropolitan Area Employment Changes*

Virginia's ten metropolitan areas had a combined nonfarm job loss of 101,100, or 3.0 percent, in 2009. Combined metropolitan nonfarm employment averaged 3,317,300 in 2008 and 3,216,200 in 2009. Virginia Beach-Norfolk-Newport News, Virginia/North Carolina, the state's second largest metropolitan area, experienced the largest numerical decrease

(27,000), and Winchester, Virginia/West Virginia, the second smallest metropolitan area, experienced the largest percentage decrease (5.0 percent). The balance-of-state also had a net job loss in 2009. Balance-of-state nonfarm employment declined a net 25,000 jobs, or 5.6 percent, to an average of 420,600 in 2009 from an average of 445,600 in 2008.

Of the three largest metropolitan areas, the Richmond metropolitan area experienced the largest percentage decrease, followed by Virginia Beach-Norfolk-Newport News, Virginia/North Carolina, and then Northern Virginia.

- **Richmond** – down 4.2 percent, or 26,300, to 604,100. The losses were 16.2 percent, or 6,900, in construction; 6.6 percent, or 6,600, in professional/business services; 5.5 percent, or 6,400, in trade/ transportation; 15.6 percent, or 6,300, in manufacturing; 2.7 percent, or 1,200, in finance; 2.1 percent, or 1,100, in leisure/hospitality; 500 in miscellaneous services; and 300 in information. The increases were 3.2 percent, or 2,600, in private education/health care and 500 in total government.
- **Virginia Beach-Norfolk-Newport News, Virginia/North Carolina** – down 3.5 percent, or 27,000, to 739,400. The biggest job losses in Hampton Roads were 7.0 percent, or 9,700, in trade/transportation, particularly retail trade; 15.0 percent, or 6,800, in construction; and 5.6 percent, or 5,900, in professional/ business services. Other job losses occurred in manufacturing, down 5.0 percent, or 2,800; finance, down 6.2 percent, or 2,500; leisure/hospitality, down 2.4 percent, or 2,100; and information, down 10.1 percent, or 1,500. Miscellaneous services, up 6.2 percent, or 2,000 jobs, and private education/health care, up 2.0 percent, or 1,800 jobs, showed the strongest gains. Total government was up 500.

*Totals may not add due to rounding.

- ◎ **Northern Virginia** – down 1.9 percent, or 24,500, to 1,290,100. The two sectors with the largest job losses were: construction, down 13.1 percent, or 10,400, and trade/transportation, down 4.2 percent, or 8,800. Job reductions also occurred in information, down 7.9 percent, or 3,800; leisure/hospitality, down 2.7 percent, or 3,100; manufacturing, down 10.7 percent, or 2,800; finance, down 4.1 percent, or 2,700; and professional/ business services down 900 jobs. Total government, up 1.8 percent, or 3,900, and private education/health care, up 2.9 percent, or 3,600, showed the strongest gains. Miscellaneous services was up 600.

The remaining metropolitan areas had employment losses ranging from a high of 6,900 jobs in Roanoke to a low of 1,500 jobs in Danville. Winchester, down 5.0 percent, experienced the largest percentage decline, and Harrisonburg, down 2.7 percent, experienced the smallest percentage decline of the remaining metropolitan areas.

- ◎ **Winchester, Virginia/West Virginia** – down 5.0 percent, or 2,800, to 53,700. Goods-producing employment, which includes mining, construction, and manufacturing, had a net loss of 15.8 percent, or 1,800. The service-providing industries had a net reduction of 2.0 percent, or 900, with a publishable loss of 600 in trade/transportation and a publishable gain of 200 in total government.
- ◎ **Lynchburg** – down 4.8 percent, or 5,300, to 104,200. The service-providing industries were down a net 3.4 percent, or 2,900, with publishable losses of 6.9 percent, or 1,400, in trade/transportation and 200 in total government. The goods-producing sector, which includes mining, construction, and manufacturing, was down a net 9.6 percent, or 2,300, with a publishable loss of 1,300 in manufacturing.
- ◎ **Roanoke** – down 4.3 percent, or 6,900, to 155,300. The largest losses occurred in manufacturing, down 11.3 percent, or 1,900 jobs; trade/transportation, down 5.0 percent, or 1,800 jobs; construction, down 14.4 percent, or 1,500; and professional/business services, down 6.9 percent, or 1,500 jobs. Other losses were 400 in finance; 300 in information; 200 in leisure/hospitality; and 100 in miscellaneous services. Total government remained unchanged and private education/health care increased by 600.
- ◎ **Danville** – down 3.7 percent, or 1,500, to 39,500. The goods-producing sector, which includes mining, construction, and manufacturing, was down a net 8.7 percent, or 800, with a publishable loss of 600 in manufacturing. The service-providing industries were down a net 2.2 percent, or 700, with a publishable loss of 500 in trade/transportation. Total government was unchanged.
- ◎ **Blacksburg-Christiansburg-Radford** – down 3.2 percent, or 2,300, to 69,500. The goods-producing sector, which includes mining, construction, and manufacturing, was down a net 13.6 percent, or 2,000. The service-providing sector was down a net 0.7 percent, or 400, in spite of the publishable gain of 300 in total government.
- ◎ **Charlottesville** – down 2.8 percent, or 2,800, to 99,000. The service-providing industries were down a net 1.4 percent, or 1,300. With the exception of total government, which was up 100, publishable losses were 800 in trade/transportation and 300 each in leisure/hospitality and professional/business services. The goods-producing combination of mining, construction, and manufacturing had a net loss of 14.0 percent, or 1,500.
- ◎ **Harrisonburg** – down 2.7 percent, or 1,700, to 61,400. The goods-producing sector, which includes mining, construction, and manufacturing, was down a net 5.8 percent, or 900. The service-providing industries had a net reduction of 1.5 percent, or 700, with a publishable loss of 800 in trade/transportation and a publishable gain of 300 in total government.



Metropolitan Area Nonfarm Employment

Industry	2009 Average	2008 Average	Change	
			Number	Percent
Virginia	3,636,800	3,762,900	-126,100	-3.4%
Blacksburg-Christiansburg-Radford	69,500	71,800	-2,300	-3.2%
Charlottesville	99,000	101,800	-2,800	-2.8%
Danville	39,500	41,000	-1,500	-3.7%
Harrisonburg	61,400	63,100	-1,700	-2.7%
Lynchburg	104,200	109,500	-5,300	-4.8%
Northern Virginia	1,290,100	1,314,600	-24,500	-1.9%
Richmond	604,100	630,400	-26,300	-4.2%
Roanoke	155,300	162,200	-6,900	-4.3%
Virginia Beach-Norfolk-Newport News, Virginia/ North Carolina	739,400	766,400	-27,000	-3.5%
Winchester, Virginia/West Virginia	53,700	56,500	-2,800	-5.0%
Total for Ten Metropolitan Areas	3,216,200	3,317,300	-101,100	-3.0%
Remaining Balance-of-State Total	420,600	445,600	-25,000	-5.6%

Unemployment

Virginia's unemployment rate after the annual benchmarking averaged 6.7 percent in 2009, up from the 2008 average rate of 3.9 percent and the 2007 average rate of 3.0 percent. The U.S. average unemployment rate for 2009 was 9.3 percent, up from 5.8 percent in 2008 and 4.6 percent in 2007. The number of unemployed workers in Virginia averaged 277,600 in 2009, up 115,300 from the 2008 average of 162,300. The state's civilian labor force averaged 4,173,700 in 2009, 43,000 more than the revised 2008 civilian labor force average of 4,130,700.

Annual average comparisons of all the states show that Virginia, along with Kansas, was ranked tenth, with an average unemployment rate of 6.7 percent in 2009. North Dakota, with a 4.3 percent average, was the lowest. The other states with lower unemployment averages than Virginia were: Nebraska, 4.6 percent; South Dakota, 4.8 percent; Iowa, 6.0 percent; Montana, 6.2 percent; New Hampshire, 6.3 percent; Oklahoma and Wyoming, 6.4 percent; and Utah, 6.6 percent.



HISTORICAL SUMMARY

PERFORMANCE OF INDICATORS OVER THE BUSINESS CYCLE

For those interested in studying the business cycle in Virginia, this publication includes several of the economic time series for which data is readily available on a monthly basis. From time to time, new series will be added and, if necessary, others presently included will be discontinued.

BUSINESS CYCLE TURNING POINTS

The beginning of a recession is defined as the month when aggregate economic activity in the U.S. reaches a cyclical high, from which it begins to turn down, and the end as the month when it reaches a cyclical low, from which it begins to turn up. On November 26, 2001, the National Bureau of Economic Research (NBER) announced a recession had begun in March 2001. On July 17, 2003, the NBER announced the recession ended in November 2001. The NBER on December 1, 2008, announced a recession had begun in December 2007. On September 20, 2010, the NBER announced the recession ended in June 2009.

SEASONAL ADJUSTMENT

To correlate changes in a time series and changes in the business cycle, it is desirable to eliminate, insofar as possible, the effect of irrelevant factors from the data comprising the series. All series currently published in the *Virginia Economic Indicators* have been adjusted to minimize regular seasonal fluctuations in the data in order to show only activity related to the business cycle.

HISTORICAL GRAPHS

Historical graphs are published in the back of the fourth quarter issue for each year.

DATA SOURCES

U.S. Census Bureau:

Single Family Housing Permits

Virginia Department of Motor Vehicles:

New Vehicle Registrations

Virginia Department of Taxation:

Deflated Taxable Retail Sales

Taxable Retail Sales

Virginia Employment Commission:

Average Hourly Earnings

Average Weekly Earnings

Average Weekly Hours

Average Weekly Initial Claims

Deflated Average Hourly Earnings

Deflated Average Weekly Earnings

Insured Unemployment Rate

Manufacturing Employment

Nonagricultural Wage

and Salary Employment

Total Production Hours

Total Unemployment Rate

Unemployment Insurance Final Payments

Virginia State Corporation Commission:

New Business Incorporations

HISTORICAL GRAPHS

MONTHS OF CYCLICAL DOMINANCE (MCD)

After seasonal adjustment, there often remains a significant degree of purely random change—the effect of which can be minimized with a moving average equal in length to the MCD of the series. The MCD is an estimate of the length of the moving average which will reveal the cyclical pattern among the welter of random fluctuations in the data—the greater the MCD the more random and less cyclically significant are monthly changes in the series. Charts of historical data in this publication represent seasonally adjusted figures which have been averaged according to the MCD of each series.

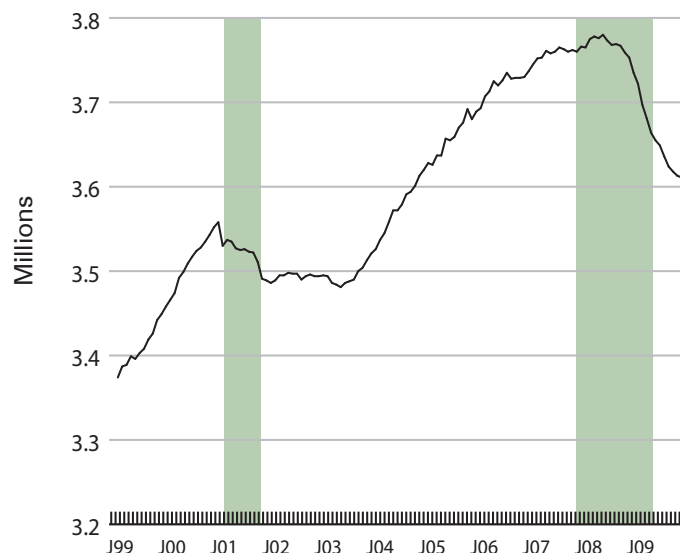
Notes:

[†] Starting with January 2001 data, manufacturing series are estimated using the NAICS codes instead of the old SIC codes. The most important change is that publishers, primarily newspapers, are no longer included in manufacturing, but are part of the new information sector.

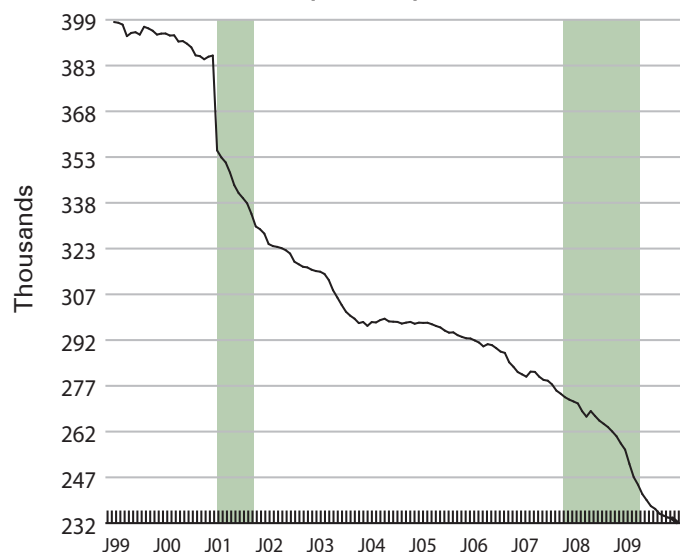
^α Beginning with the January 2005 data, building permit data reflect an increase in the universe of permit-issuing places.

The shaded areas on the graphs represent the Mar.-Nov. 2001 and Dec. 2007-Jun. 2009 recessions.

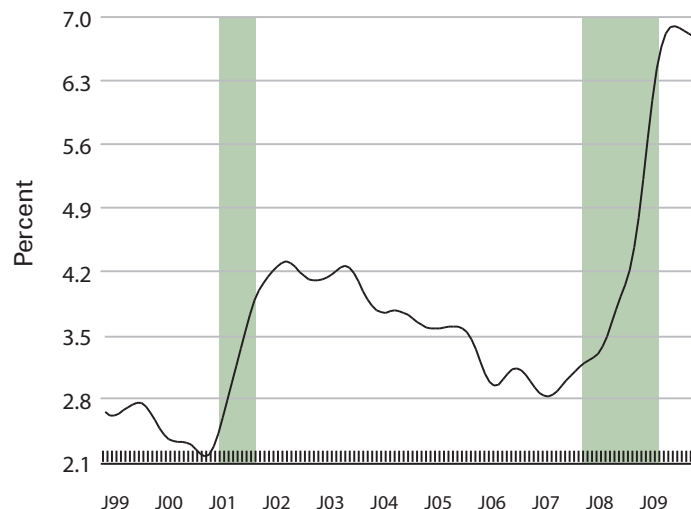
Nonagricultural Wage & Salary Employment* (MCD=1)



Manufacturing Employment*[†] (MCD=1)

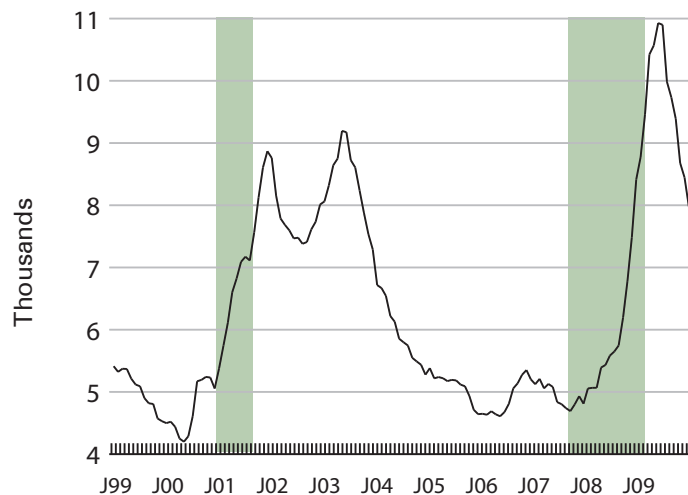


Total Unemployment Rate* (MCD=1)

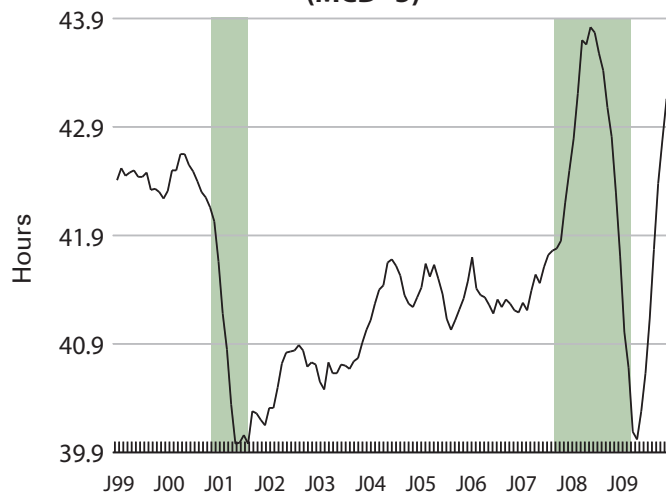


*MCD Moving Average

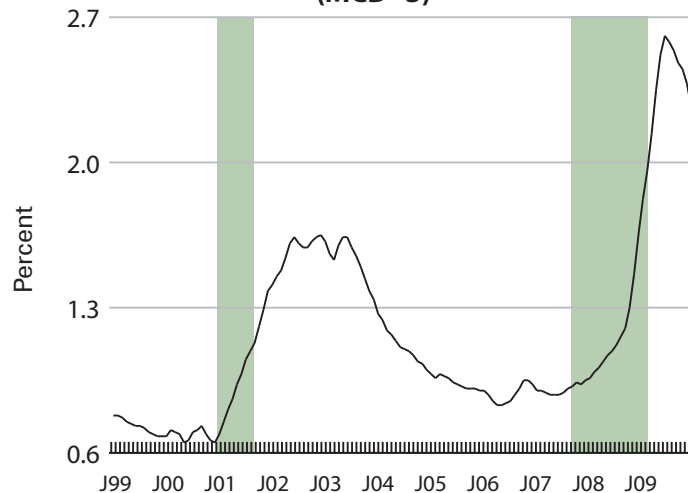
Average Weekly Initial Claims*
(MCD=4)



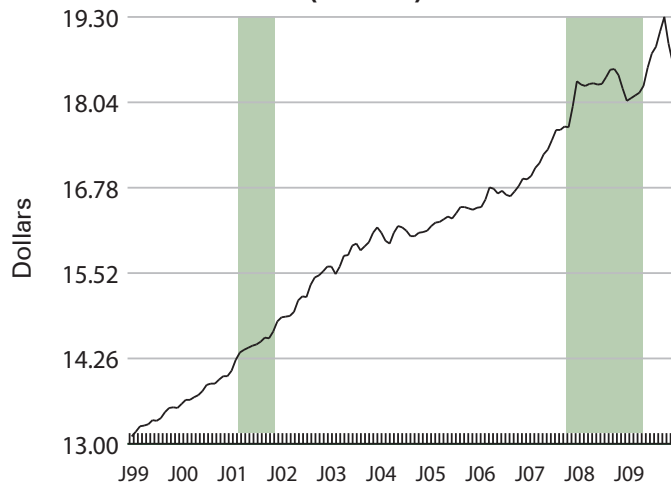
Average Weekly Hours*[†]
(MCD=5)



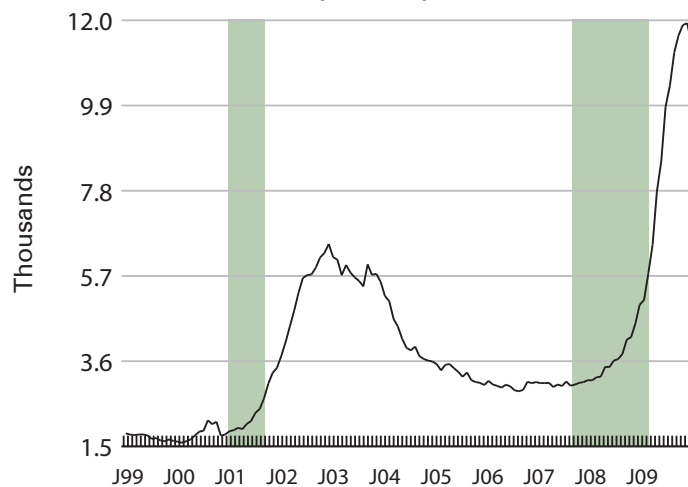
Insured Unemployment Rate*
(MCD=3)



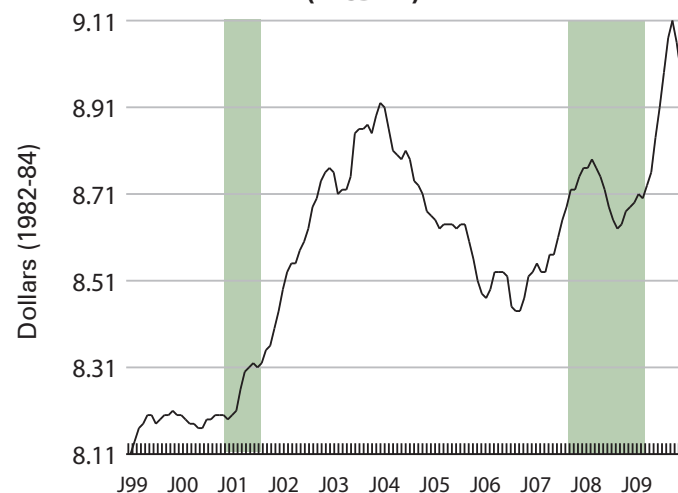
Average Hourly Earnings*[†]
(MCD=2)



Unemployment Insurance Final Payments*
(MCD=3)

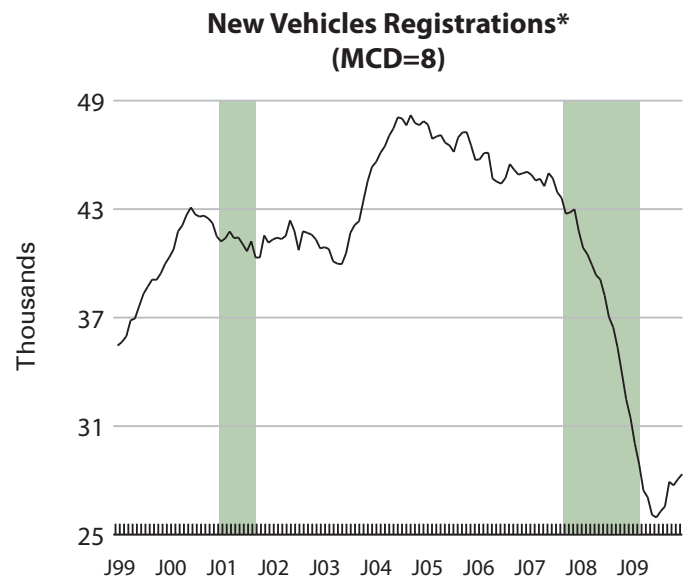
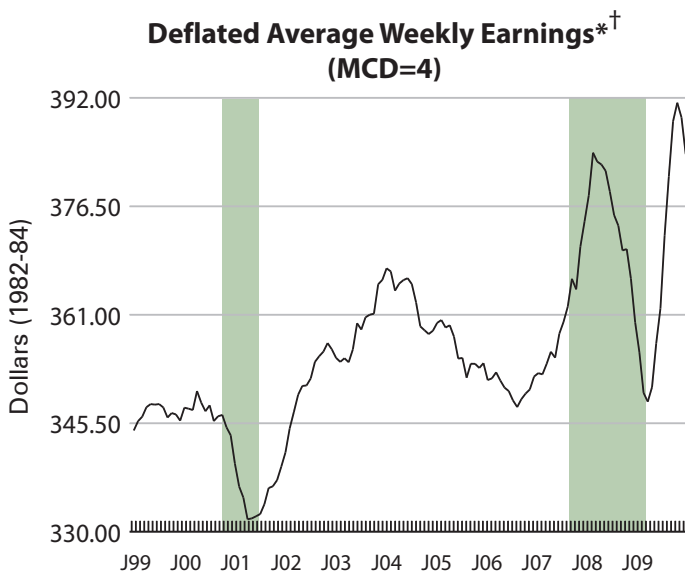
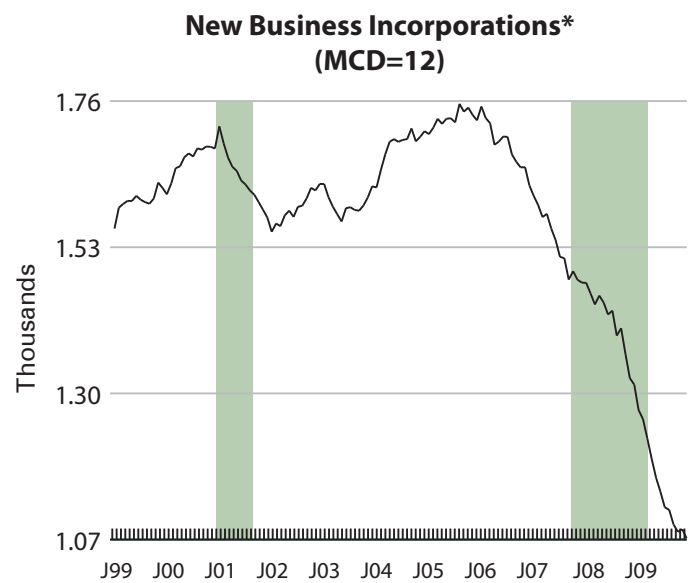
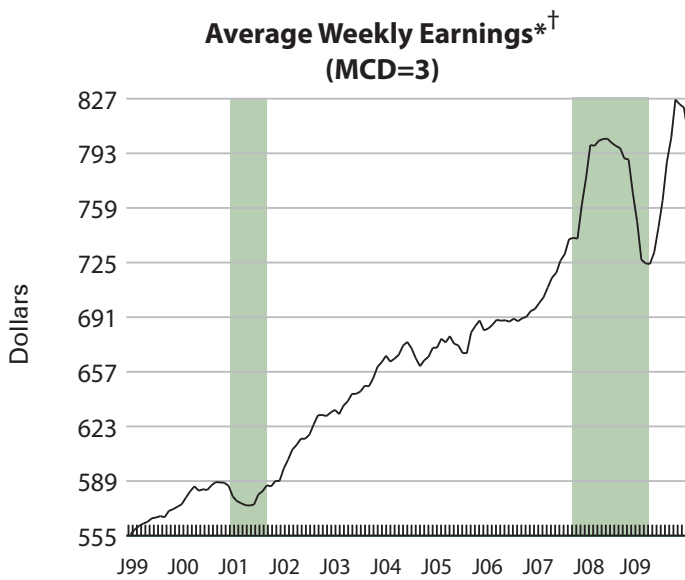
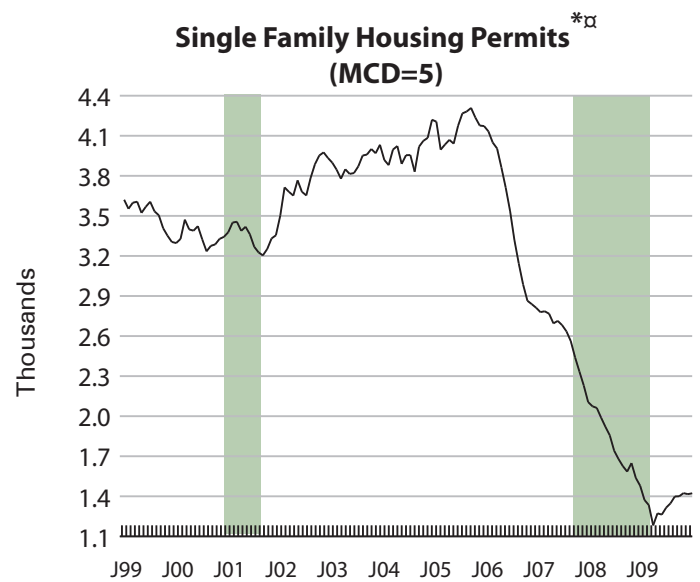
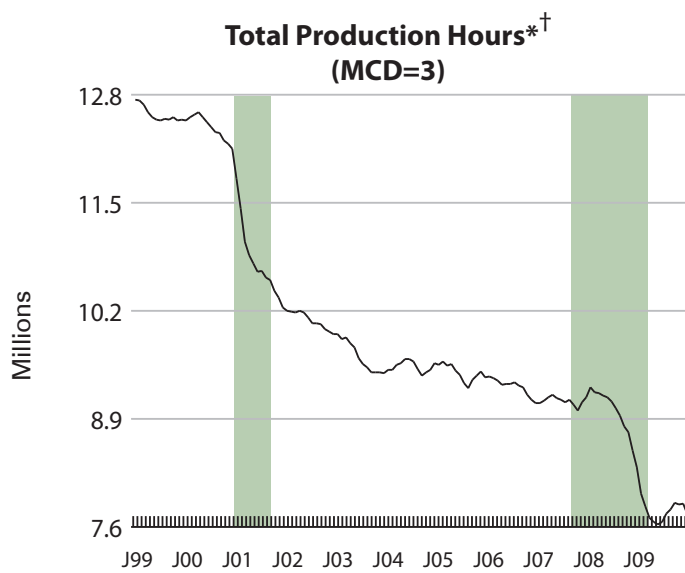


Deflated Average Hourly Earnings*[†]
(MCD=4)



*MCD Moving Average

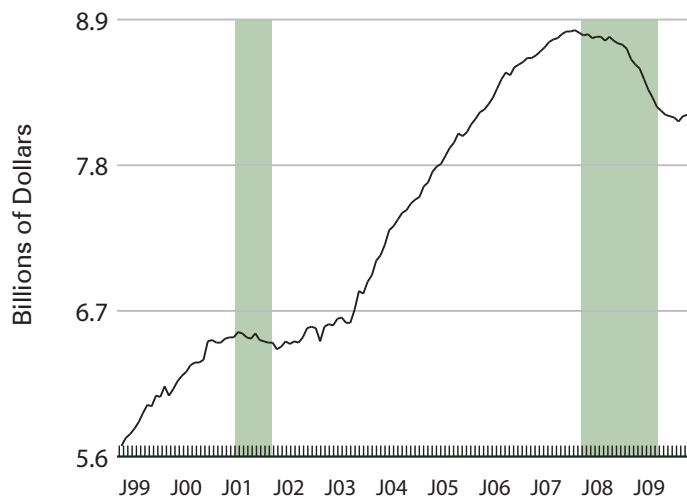
[†]See note on page 20.



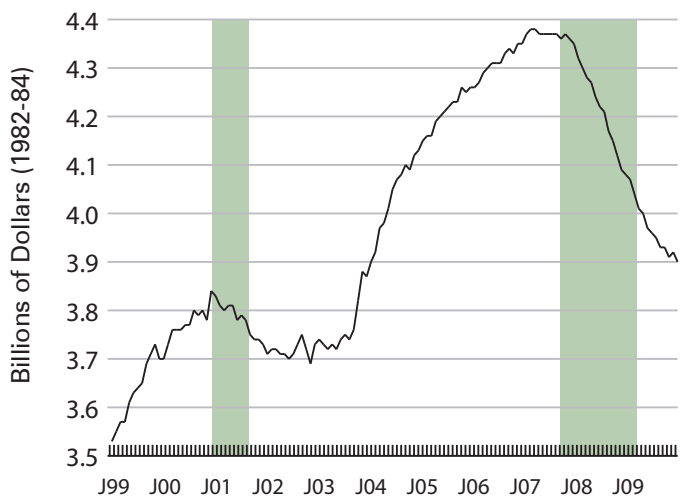
*MCD Moving Average

[†]^α See notes on page 20

**Taxable Retail Sales*
(MCD=9)**



**Deflated Taxable Retail Sales*
(MCD=12)**



*MCD Moving Average



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